

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554

In the Matter of)
)
Implementation of the) CC Docket
Pay Telephone Reclassification) No. 96-128
and Compensation Provisions of the)
Telecommunications Act of 1996)

AFFIDAVIT OF DAVID C. ROBINSON

State of New Jersey)
): ss
County of Somerset)

DAVID C. ROBINSON, being duly sworn, deposes and says:

1. I am a District Manager in AT&T Corp.'s Consumer Sales Division, responsible for managing all aspects of AT&T's payphone station placement operations. On August 26, 1997 and again on September 9, 1997, I submitted affidavits in support of AT&T's comments in CC Docket 96-128. Those affidavits explained the differences in costs of providing different types of calls from payphones. My analysis indicated that the forward-looking efficient costs to a PSP of handling a coinless call are substantially less than the 28.4 cent per-call compensation rate established by the Commission in the Second Report and Order issued on October 9, 1997. The purpose of this affidavit is to provide the Commission with previously unavailable information which confirms my prior testimony.

2. In mid-1994, Southwestern Bell Corporation (SBC) was apparently considering the sale of its public payphone business. At that time, a potential buyer of

that business, on his own initiative and without solicitation from AT&T, provided AT&T with a very detailed analysis of SBC's payphone business in hopes of securing funding from AT&T for the purchase and a commission agreement for traffic routed to AT&T from SBC's base of phones after they were acquired. The information was provided under the terms and conditions of a non-disclosure agreement between AT&T and the prospective buyer, dated October 3, 1994. The non-disclosure agreement ran for three years and expired October 3, 1997. Accordingly, AT&T abided by the terms of the non-disclosure agreement and did not use the contents of this information in any analysis or submission in this proceeding prior to this affidavit.

3. I believe it is important for the Commission to have access to this information, because the members of the RBOC/GTE/SNET Payphone Coalition chose not to submit any credible, substantiated cost information regarding their payphone operations in connection with any of the prior proceedings on payphone compensation. As the Commission is aware, LECs in the aggregate, particularly the Coalition members, operate the overwhelming majority of payphones in the United States. Thus, the costs of Coalition members are a critical factor that must be reviewed in determining a per call compensation rate that is fair for all PSPs, carriers, and end users.

4. The SBC document (Attachment I) was developed by SBC's Corporate Development Organization (not the prospective buyer) and was named "Project Quintet." The information contained in Attachment I is a very detailed compilation of SBC's revenues, expenses, assets, operating statistics and other important public payphone actual results and projections. What makes it even more credible is that, by

its own declaration, it represents financial projections based on an assumption that the SBC Public Communications Operation was a “separate subsidiary, operating at arm’s length from SBC.” This document also states that “[t]he Public Communications Division of SWBT germinated into a separate business unit during 1992 and as a result, the collection of good segregated financial data initiated in 1993.”

5. Based on my experience in the payphone industry, I believe the SBC data are valid and represent actual cost and expense levels experienced by SBC and other RBOC public telephone operations. SBC operates its payphones in a geographically dispersed multi-state environment much like most of the other RBOCs. SBC’s base of phones is similar in size and composition (public vs. semi-public mix) to other RBOC payphone operations. SBC’s equipment is similar to most other RBOCs, and SBC uses union-represented labor as do other LECs. In addition, the SBC financial projections appear to be well reasoned, documented, and grounded on actual results in an “arm’s length” environment.¹ Thus, I have no reason to believe that the costs and expenses projected by SBC are significantly different from those of other members of the RBOC/GTE/SNET Payphone Coalition.

6. Attachments II and III represent my analysis of the SBC data and include comparisons to other data already submitted on the record or referred to by the Commission in its Second Report and Order.

¹ The supporting documents also included information on manpower, maintenance and repair records cost of capital equipment and installation that substantiate many of my previous affidavit analyses and conclusions.

7. From the Income Statement in the SBC data, I summarized data for the year 1997 on Attachment II. I focused on the expense projections forecast by SBC, and I used 1997 as the comparison year, because I believe it accurately represents the current payphone environment, based on the assumptions referenced in the data themselves. Also, there is little difference in the expenses shown for 1997 versus the years 1994 through 1996.

8. As shown in Attachment II, the SBC 1997 projections indicate a total average cost of \$93.11 per phone per month, inclusive of all costs, including commissions. I derived this number by dividing SBC's total annual expenses, plus an additional amount representing the cost of access lines for semi-public phones,² by SBC's total phone count, including semi-public phones.

9. In developing the total number of calls to be used as a denominator to calculate per-call costs, I applied the call count (478) provided by the RBOC/GTE/SNET Coalition in its comments on remand. I used this number because SBC's local call count estimate for 1997 is very similar to the local call count number provided by the Coalition. Using these figures, SBC's fully loaded cost per call, for all calls, is 19.5 cents, including the cost of commissions. If commission costs are subtracted, the fully loaded cost per call would be 16.2 cents.³

² The SBC analysis appears to omit an expense item for access lines for semi-public phones. Therefore, I added an amount equal to the SBC line charge for public phones for each semi-public phone.

³ Alternatively, using the FCC's 542 call volume for a "marginal payphone" the per-call costs are 17.2 cents including commissions and 14.3 cents excluding commissions.

10. In contrast, the cost figures underlying the FCC's 28.4 cents/call compensation rates are based almost exclusively on a survey submitted by the APCC and data submitted by IPPs such as Peoples Telephone Co. (PTC), Communications Central, Inc. (CCI) and AT&T. These data reflect, at the most, the costs for fewer than 10% of the total installed base of public phones. Moreover, in total, IPPs represent only 20-25% of the installed base of payphones.

11. I note, however, that the Commission's Second Report and Order discounted the only detailed data submitted by a LEC, Sprint United, for the reason that Sprint's data are not "representative of costs that would be incurred by independent pay telephone providers." (Second Report and Order, n.267). In fact this is true, but it is also true that the Sprint data are much more representative of the majority of payphones than the IPP data relied upon by the Commission.

12. Attachment III summarizes monthly payphone costs on the record and compares them to SBC's 1997 projection. The conclusion is that RBOC/LEC costs (SBC and Sprint United) average less than \$100 per phone per month, including commissions, compared to over \$250 for the average costs submitted in the August 26, 1997 comments of APCC, PTC, and CCI. Thus, the LEC PSPs' costs are less than 40% of the IPPs' costs. Given this disparity, the Commission's assumption that APCC's costs were representative of the payphone industry as a whole is simply wrong.

13. Finally, in order to determine the costs of a coinless call, it is necessary to deduct from even the 19.5 (or 16.2) cent figure costs relating to the coin-handling aspects of the payphone sets, collection and maintenance costs attributable only to coin

calls and line costs associated with the completion of local coin calls. Thus, SBC's costs for handling coinless calls should be in the range identified in my earlier affidavits.

This concludes my affidavit.

David E. Robinson

Sworn to before me this

26 day of November, 1997

Patricia A. Perhac
Notary Public

My commission expires 4/8/2002

ATTACH. I

Project Quintet

Southwestern Bell Corporation
Corporate Development
May 26, 1994

Version #7e
Toll Analysis -- Assume 20% commission on Gross Toll Revenue

Base Case

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Andrew J. Beckmann
175 E. Houston, Room 11-F-03
San Antonio, Texas 78205-2247

August 1, 1994

Mr. A. John Yogerst
737 Isom Road
San Antonio, Texas 78216

RE: Project Quintet Information Request

This letter is intended to resolve any outstanding information as outlined in your information request sent to me in response to the July 06, 1994, meeting.

The Public Communications division of Southwestern Bell Telephone (SWBT) germinated into a separate business unit during April 1992. Prior to that time, it was the responsibility of each state to develop revenue and expense objectives for the payphone business, producing financial activity tracked as an aggregate of those states. As a result, the collection of good segregated financial data initiated in 1993.

I have included an internal report delivered to the president of SWBT that gives an overview of Public's performance over the 1991, 1992, and 1993 timeframe. Also, please note the incorporation of 1993 financial and traffic data into the ten year model provided earlier. This data represents the first year in which good financial and traffic data were developed for Public as an individual business unit.

Table #1 and #2 answer your questions on stations under contract, their respective revenue bands, and expiration dates. Table #3 addresses the issue of IXC's associated with SWBT payphones.

Table #1: Revenue by Contract Expiration Date

Bands per day	Revenue (\$000's)						%
	1995	1996	1997	1998	1999	Total	
0-1	537	474	203	583	101	1,898	2.18%
1-2	1,598	1,411	605	1,737	300	5,651	6.49%
2-3	2,322	2,050	879	2,523	436	8,211	9.43%
3-4	2,733	2,413	1,035	2,970	513	9,665	11.10%
4-5	2,817	2,487	1,067	3,061	528	9,961	11.44%
5-6	4,925	4,348	1,865	5,352	924	17,414	20.00%
> 6	9,692	8,558	3,671	10,533	1,818	34,271	39.36%
	24,625	21,742	9,327	26,760	4,618	87,072	
%	28.28%	24.97%	10.71%	30.73%	5.30%	100.00%	

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Table #2: Stations by Contract Expiration Date

Bands per day	Stations						%
	1995	1996	1997	1998	1999	Total	
0-1	5,043	4,452	1,910	5,480	946	16,378	18.81%
1-2	4,566	4,031	1,729	4,961	856	14,828	17.03%
2-3	3,978	3,513	1,507	4,323	746	12,921	14.84%
3-4	3,346	2,954	1,267	3,636	627	10,867	12.48%
4-5	2,681	2,367	1,015	2,913	503	8,707	10.00%
5-6	2,537	2,240	961	2,757	476	8,241	9.47%
> 6	4,773	4,214	1,808	5,187	895	15,502	17.80%
	26,809	23,670	10,154	29,133	5,028	94,794	
%	28.28%	24.97%	10.71%	30.73%	5.30%	100.00%	

Table #3: Stations Prescribed or Allocated to IXC's

Vendor	%	Picked	Allocated	Total
AT&T	63.27%	121,516	127	121,643
MCI	13.02%	25,006	26	25,032
Sprint	7.69%	14,769	15	14,785
Others	16.02%	30,768	32	30,800
Total	100.00%	192,060	200	192,260

With this information, all of your data requests have been filled to the best of ability with the records that we have today.

Respectfully,

Andrew J. Beckmann

Andrew J. Beckmann

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Project Quintet Model Assumptions

Overview:

This analysis focuses on the incremental value that the payphone business contributes to SWBT.

The base case represents a scenario that reflects Public Communications' operations as a separate subsidiary of SWBT; operating at arm's length.

Revenue:

- Main revenue drivers are access lines (stations), # of calls, and MOU's
 - Access lines trend down initially, then remain steady
 - Messages trend down initially, then climb gradually
 - MOU's trend down gradually for local, remain steady for toll
- Arkansas local sent paid rates assumed to increase from \$.10 to \$.25 in 1997
- Interlata freedom granted in 1997, with effects beginning in 1998
- Assume that SWBT can choose itself freely as default carrier for Interlata traffic
- Interlata revenues are adjusted for dial around (35%) and in-region (carried end to end) vs. out-of-region traffic (reselling agreement for out-of-region traffic produces a 10% margin)
- Assume Interlata and Intralata rates must reach parity on a per minute basis to effectively compete in marketplace
- Interstate toll includes revenue from Interlata traffic due to area of interest exemption (Kansas City, Texarkana and East St. Louis/St. Louis for example)

Expense:

- Access line charges applied at the tariffed rates (varies by state)
- Missouri eliminates usage fees in 1996, Texas follows in 1998
- Pension assumed to be fully funded
- Benefits expense applied on a per employee basis from actuarial study
- Materials and Supplies include expensed replacement piece parts
- Coin Commissions are a % of total revenue, drawn from historical data

Market Information:

- Model assumes current scheme of redeployment of underperforming assets
- Missouri impacted by increased competition due to elimination of usage charges in 1996
- Texas impacted by increased competition due to elimination of usage charges in 1988
- Arkansas assumed to open to competition in 1997, Oklahoma in 1999

Capital:

- Assumption that "dumb" equipment will stay in use: no plan for equipment upgrade

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Project Quintet
Summary of Regulatory and Legal Issues

The following is a brief synopsis of issues regarding a sale of SGBT's coin business:

Missouri:

- Approval by commission required by statute
- Interest groups will pressure for imputation requirements or benefit to ratepayers
- PUC requires SGBT to provide one pay phone per exchange

Texas:

- PUC tariff review process
- Imputation of profits in future rate cases

Oklahoma:

- Approval by commission required by state
- Currently no competition allowed within the state
- Buyer would need to assume similar liabilities/obligations from commission
- Imputation of profits or restricted use of proceeds from sale

Kansas:

- Approval by commission required by state
- Imputation of profits in future rate cases

Arkansas:

- Approval by commission required by state
- One pay phone per exchange required by SGBT
- No pay phone competition permitted
- Local call rate limited to \$0.10

Other Issues:

- Regulatory approval for "dumb" service would most likely be required

Approval of the prospective sale is not likely to be forthcoming unless SGBT has a comprehensive plan which deals with a) continued regulation of the purchaser, b) assurance that the public interest phones will continue to be placed, c) the profits from the sale are earmarked for infrastructure development or some other demonstrable public interest and d) an appropriate tariff to govern services provided by SGBT to the purchaser after closing is in place.

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Project Quintet
Income Statement

(Amounts in US \$'000's except where noted)

Total Operations	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Local Service	179,834	185,306	187,127	189,007	190,954	191,369	192,939	198,245	202,536	208,729	215,126
EUCL	0	0	0	0	0	0	0	0	0	0	0
Interstate Toll	2,061	2,144	2,188	2,260	2,315	2,374	2,437	2,504	2,576	2,653	2,736
Intralata Service	49,899	8,044	7,938	7,764	7,588	7,280	7,057	6,931	6,367	6,257	6,140
Interlata Service	0	0	0	0	0	7,324	7,040	6,916	6,748	6,707	6,661
Total Revenues	231,793	195,494	197,253	199,030	200,857	208,347	209,472	214,597	218,226	224,345	230,663
Uncollectibles	3,089	3,370	3,454	3,542	3,617	3,694	3,774	3,857	3,942	4,030	4,121
Net Revenues	228,704	192,125	193,798	195,488	197,240	204,653	205,698	210,740	214,284	220,315	226,541
Salaries & Wages	32,512	34,085	34,534	35,012	35,472	35,880	36,571	37,089	37,414	37,809	38,130
Pensions & Benefits	5,901	6,342	6,711	7,085	7,459	7,814	8,210	8,561	8,853	9,137	9,382
Operating Taxes	10,200	8,787	8,831	8,870	8,913	9,154	9,207	9,401	9,565	9,827	10,100
Commissions	25,028	28,857	29,961	31,669	32,840	34,075	34,249	35,088	35,678	36,682	37,719
Access Expense	74,176	72,048	70,090	59,597	65,043	50,540	49,329	48,988	48,517	48,527	48,574
Other Operating Expenses	29,369	20,358	20,677	21,015	21,352	21,636	22,046	22,373	22,628	22,904	23,162
Total Operating Expenses	177,186	170,477	170,804	163,249	171,080	159,098	159,612	161,500	162,654	164,888	167,066
EBITDA	54,607	25,017	26,448	35,781	29,777	49,249	49,860	53,096	55,572	59,457	63,596
Depreciation	9,541	9,492	9,388	9,282	9,187	9,103	9,031	8,973	8,930	8,904	8,895
Operating Income (EBIT)	45,066	15,525	17,061	26,499	20,590	40,146	40,830	41,124	46,612	50,553	54,702
Interest Expense	12,165	1,312	1,517	1,625	1,618	1,645	1,675	1,660	1,647	1,629	1,609
Income Before Taxes (EBIT)	32,902	14,213	15,544	24,875	18,972	38,501	39,154	42,464	44,995	48,924	53,092
Income Tax (at 40.00%)	13,161	5,685	6,217	9,950	7,589	15,101	15,662	16,986	17,998	19,569	21,237
Net Income	19,741	8,528	9,326	14,925	11,383	23,101	23,492	25,479	26,997	29,384	31,855

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Balance Sheet

(Amounts in US \$ (000's) except where noted)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Operations											
Assets:											
Cash & Equivalents	4,650	7,173	9,205	9,844	12,665	12,665	14,063	15,109	16,048	16,732	17,227
Accounts Receivable	38,125	32,027	32,300	32,581	32,871	34,109	34,283	35,123	35,714	36,719	37,757
Materials and Supplies (Inventory)	554	512	495	495	495	496	499	505	511	519	528
Total Current Assets	43,329	39,712	42,000	42,920	46,034	47,271	48,846	50,717	52,273	53,970	55,511
Gross PP&E	190,811 ¹	198,861	186,641	181,644	182,830	181,272	179,949	178,951	178,262	177,011	177,879
Depreciation Reserve	131,296	130,989	128,633	126,394	124,261	122,219	120,344	118,607	117,015	115,344	114,298
Net PP&E	57,523	57,873	58,009	58,250	58,589	59,013	59,604	60,346	61,246	62,329	63,581
Total Assets	100,852	97,585	90,009	101,171	104,623	106,304	108,450	111,083	113,520	116,299	119,092
Liabilities:											
Accounts Payable	23,205	21,851	21,704	20,301	21,460	19,300	19,204	19,461	19,102	19,684	19,934
Accrued Liabilities	12,307	9,167	9,302	9,414	9,497	9,672	9,802	9,959	10,077	10,249	10,414
Other Current Liabilities	12,166	11,155	11,204	10,919	11,288	10,929	10,973	11,156	11,277	11,495	11,714
Total Current Liabilities	47,679	42,173	42,215	40,634	42,245	39,900	39,970	40,376	40,797	41,427	42,062
Long Term Debt	15,112	14,271	13,594	13,381	12,440	13,019	12,784	12,244	11,921	11,694	11,228
Pension Accrual	2,065	4,234	6,431	8,658	10,915	13,199	15,529	17,891	20,277	22,680	25,125
Deferred Income Taxes	7,006	7,916	8,779	9,507	10,032	10,326	10,530	10,650	10,694	10,650	10,548
Total Liabilities	71,862	68,594	71,018	72,180	75,633	76,473	78,620	81,253	83,699	86,469	89,262
Equity:											
Total Equity	28,990	28,990	28,990	28,990	29,811	29,811	29,811	29,811	29,811	29,811	29,811
Total Shareholders' Equity	28,990	28,990	28,990	28,990	29,811						
Total Shareholder's Equity & Liabilities	100,852	97,585	90,009	101,171	104,623	106,304	108,450	111,083	113,520	116,299	119,092
Profit	0	0	0	0	0	0	0	0	0	0	0

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Project Quintet Cash Flow Statement											
	(Amounts in US \$ 000's except where noted)										
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Operations											
Earnings Before Taxes (EBT)	14,213	15,544	24,875	18,972	38,501	39,154	42,464	44,995	48,924	53,092	
Add Book Depreciation	9,492	9,388	9,282	9,187	9,103	9,031	8,973	8,930	8,904	8,895	
Book RTU Expense	2	2	2	2	2	2	2	2	2	2	
Book Pension Accrual	2,168	2,197	2,228	2,257	2,284	2,330	2,364	2,385	2,412	2,436	
Less Tax Depreciation	13,937	13,741	13,330	12,756	12,121	11,871	11,638	11,424	11,229	11,052	
RTU Amortization	2	2	2	2	2	2	2	2	2	1	
Cash Pension Expense	0	0	0	0	0	0	0	0	0	0	
Tax Earning Before Taxes	11,937	13,387	23,054	17,659	37,767	38,644	42,163	44,885	49,011	53,372	
Cash Taxes @ 40.00%	4,775	5,355	9,222	7,064	15,107	15,457	16,865	17,954	19,601	21,349	
Tax Net Income	7,162	8,032	13,833	10,596	22,660	23,186	25,298	26,911	29,406	32,023	
Add Tax Depreciation	13,937	13,741	13,330	12,756	12,121	11,871	11,638	11,424	11,229	11,052	
RTU Amortization	2	2	2	2	2	2	2	2	2	1	
Less RTU Expense	2	2	2	2	2	2	2	2	2	2	
Cash From Operations	21,099	21,774	27,163	23,352	34,781	35,057	36,936	38,355	40,635	41,074	
Less Working Capital Increase/(Decrease)	(634)	214	1,863	(1,319)	3,582	98	349	276	383	412	
Capital Expenditures	9,841	9,524	9,524	9,526	9,547	9,602	9,714	9,831	9,987	10,147	
Free Cash Flow	11,892	12,036	15,776	15,145	21,652	25,356	26,873	28,249	30,265	32,516	
Beginning Cash	4,650	7,173	9,205	9,844	12,665	12,665	14,063	15,109	16,038	16,732	
Less Dividends	8,528	9,326	14,925	11,383	23,101	23,492	25,479	26,997	29,354	31,855	
Cash Available for Financing	8,014	9,883	10,056	13,606	11,217	14,529	15,458	16,361	16,959	17,392	
Equity Financing	0	0	0	0	810	0	0	0	0	0	
Debt Financing	(841)	(677)	(213)	(941)	608	(466)	(349)	(313)	(228)	(165)	
Ending Cash Balance	4,650	7,173	9,205	9,844	12,665	12,665	14,063	15,109	16,038	16,732	17,227

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Project Quintet
Key Financial Statistics & Balance Sheet Assumptions

(Amounts in US \$ except where noted)

Key Financial Statistics	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Operating Statistics:											
Revenue Growth Rate	1.91%	-18.57%	0.89%	0.89%	0.91%	1.59%	0.51%	2.39%	1.66%	2.73%	2.74%
Operating Expense Growth Rate	-0.28%	-3.04%	0.19%	-4.63%	-4.58%	-7.53%	0.32%	1.17%	0.71%	1.35%	1.30%
Operating Cash Flow Growth Rate	6.70%	NA	3.10%	19.84%	-16.32%	32.86%	0.79%	5.09%	3.70%	5.61%	5.66%
Free Cash Flow Growth Rate	9.94%	NA	1.19%	23.71%	-4.16%	30.05%	14.61%	5.64%	4.87%	6.66%	6.92%
EBITDA Margin											
EBITDA Growth Rate											
EBIT Margin	12.80%	13.41%	17.98%	14.83%	23.64%	23.80%	24.74%	25.47%	26.50%	27.57%	
EBIT Growth Rate	-118.28%	5.41%	26.08%	-20.16%	39.57%	7.23%	6.10%	4.45%	6.53%	6.51%	
Net Income Margin	7.94%	8.65%	13.31%	10.25%	19.27%	19.40%	20.56%	21.37%	22.53%	23.71%	
EBIT Margin	-190.28%	9.00%	35.62%	-28.70%	48.71%	7.67%	7.47%	5.40%	7.74%	7.58%	
Net Income Margin	4.36%	4.73%	7.50%	5.67%	11.09%	11.22%	11.87%	12.37%	13.08%	13.81%	
Annual Gross Revenue per Station											
Monthly Revenues per Station	1,042	1,074	1,108	1,144	1,209	1,235	1,268	1,290	1,318	1,345	
Operating Expenses per Station	87	90	92	95	101	103	106	108	110	112	
Capital Expenditures per Station	909	930	909	975	923	941	954	962	968	974	
Price/Earning Valuation - SBC 17.13 times	52	52	53	54	55	57	57	58	59	59	
Price/Earning Valuation - SBC 17.13 times	146,086	159,758	255,663	194,991	395,716	402,426	436,417	462,156	502,836	545,685	
Balance Sheet Assumptions	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Working Capital Assumptions:											
Accounts Receivable as % of Net Revenues	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	
Materials & Supplies as % of Capital Expenditure	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	5.20%	
Acct Payable as % of Other Op Exp & Cap Ex	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	16.67%	
Payroll Payable as % of Salaries & Wages	14.10%	14.10%	14.10%	14.10%	14.10%	14.10%	14.10%	14.10%	14.10%	14.10%	
Other Taxes Payable (GR/Prop)	45.90%	45.90%	45.90%	45.90%	45.90%	45.90%	45.90%	45.90%	45.90%	45.90%	
Income Taxes Payable	12.80%	12.80%	12.80%	12.80%	12.80%	12.80%	12.80%	12.80%	12.80%	12.80%	
Interest Payable as % of Interest	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	
Other Current Liabilities as % of Operating Exp	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	4.25%	
Advance Billing/Customer Deposits as % of Rev	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	
Interest and Dividend Rate Assumptions:											
Debt Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	
Dividend Policy	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	
Capital Statistics:											
Debt/Equity Ratio	52.13%	49.23%	46.89%	46.16%	42.91%	43.74%	42.18%	41.01%	39.96%	39.20%	38.65%
Debt/Capital Ratio	34.27%	32.99%	31.92%	31.58%	30.03%	30.43%	29.67%	29.08%	28.55%	28.16%	27.87%

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Revenue Calculations

(Amounts in US \$'000's except where noted)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Revenue											
Total Svc Paid											
Revenue per Station											
Growth Rate per Station											
Total Non-Svc Paid											
Revenue per Station											
Growth Rate per Station											
Semi-Public Recurring											
Revenue per Station											
Growth Rate per Station											
Semi-Public Non-Recurring											
Revenue per Station											
Growth Rate per Station											
Total Local											
Total User Common Line (EIRL)											
Growth Rate											
Total State Toll											
Growth Rate											
Total State Sem Paid											
Rate per MONI											
Growth Rate											
Total Land Non-Svc Paid (a)											
Rate per MONI											
Growth Rate											
Total Data Toll (b)											
Rate per MONI											
Growth Rate											
Total Revenues											
1 mln/line											
1 mln/line											
1 mln/line											
Net Revenues											
Total Net Revenue per Station											
Notes:											
(a) Assume effects of dial around to be											
(b) Assume effects of dial around to be											
(c) Initiated in 1996 with Call Collect service											
(d) Initiated in 1996 with Interline freedom											

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Market Information

(Amounts in US Dollars except where noted)

Station Volume	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Public & Commercial Systems (Entire)											
Arkansas	11,915	12,053	12,215	12,416	12,593	12,786	13,078	13,376	13,706	14,031	14,472
Kansas	14,151	14,107	14,461	14,520	14,583	14,641	14,715	15,597	15,714	15,812	15,951
Missouri	10,472	20,597	28,760	27,963	27,146	26,603	26,117	26,117	26,460	26,564	26,868
Oklahoma	21,472	21,611	21,890	22,166	22,411	22,668	22,811	22,815	23,055	23,317	23,047
Texas	80,736	86,198	87,241	82,457	78,722	72,158	70,519	69,843	70,542	71,217	71,217
Total Public & Commercial	167,596	161,160	159,024	155,708	151,752	148,552	145,960	145,618	145,504	146,812	146,644
Local Public Broadcasting Stations (Entire):											
Arkansas	2,116	2,112	2,128	2,106	2,106	2,106	2,106	2,106	2,106	2,106	2,106
Kansas	2,462	2,314	2,231	2,155	2,112	2,094	2,040	2,040	2,040	2,040	2,040
Missouri	4,149	4,196	4,212	4,274	4,285	4,295	4,295	4,295	4,295	4,295	4,295
Oklahoma	1,797	1,716	1,671	1,631	1,607	1,581	1,559	1,516	1,511	1,498	1,484
Texas	12,812	12,841	12,841	12,919	13,023	13,056	13,056	13,056	13,056	13,056	13,056
Total Semi-Public	24,136	23,775	23,863	23,811	23,800	23,757	23,655	23,585	23,515	23,415	23,377
Total SWB Public Communications	199,632	187,635	183,627	179,601	175,551	172,179	169,616	169,616	169,616	170,277	171,164
Local Public City Stations (Entire):											
Arkansas	0	0	0	0	0	0	0	0	0	0	0
Kansas	414	416	418	418	502	528	554	582	611	641	671
Missouri	2,868	1,611	1,162	1,616	4,000	4,100	4,622	4,854	5,085	5,314	5,619
Oklahoma	0	0	0	0	0	0	0	0	0	0	0
Texas	28,160	41,114	32,711	34,117	36,164	38,110	41,206	41,150	41,150	41,150	41,150
Total Private	32,202	34,621	36,352	38,485	40,931	44,205	47,311	49,647	52,166	54,771	57,512
Total Stations	224,314	222,355	219,979	218,087	216,493	216,485	216,849	216,850	221,254	225,050	228,993
Public Affairs Programming	85,675%	87,125%	87,775%	87,355%	87,095%	87,585%	87,255%	87,315%	87,445%	87,565%	87,445%
Station Growth Rates											
Public & Commercial Stations:											
Arkansas	1,17%	1,15%	1,16%	1,16%	1,16%	1,16%	1,16%	1,16%	1,16%	1,16%	1,16%
Kansas	0,12%	0,45%	0,41%	0,41%	0,41%	0,41%	0,41%	0,41%	0,41%	0,41%	0,41%
Missouri	2,87%	2,76%	2,84%	2,84%	2,92%	2,92%	2,92%	2,92%	2,92%	2,92%	2,92%
Oklahoma	0,9%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%	1,2%
Texas	1,9%	-1,34%	4,53%	4,53%	4,75%	4,75%	4,75%	4,75%	4,75%	4,75%	4,75%
Weighted Average Growth	2,46%	2,53%	2,50%	2,50%	2,66%	2,75%	2,75%	2,75%	2,75%	2,75%	2,75%
Semi-Public Broadcasting Stations:											
Arkansas	0,15%	0,16%	0,15%	0,16%	0,16%	0,16%	0,16%	0,16%	0,16%	0,16%	0,16%
Kansas	0,10%	3,9%	3,50%	3,50%	3,8%	3,8%	3,8%	3,8%	3,8%	3,8%	3,8%
Missouri	1,68%	1,00%	1,00%	0,8%	0,8%	0,8%	0,8%	0,8%	0,8%	0,8%	0,8%
Oklahoma	4,30%	2,50%	2,50%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%	1,5%
Texas	0,37%	0,75%	0,65%	0,65%	0,65%	0,65%	0,65%	0,65%	0,65%	0,65%	0,65%
Weighted Average Growth	1,57%	0,12%	0,04%	0,04%	0,06%	0,11%	0,11%	0,11%	0,11%	0,11%	0,11%
Print Stations:											
Arkansas	0,10%	0,08%	0,08%	0,08%	0,08%	0,08%	0,08%	0,08%	0,08%	0,08%	0,08%
Kansas	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%
Missouri	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%
Oklahoma	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%	0,00%
Texas	7,50%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%	5,00%
Weighted Average Growth	6,75%	4,75%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%	5,50%

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Project Quintet
Market Information

Volume Information - Local Meters									
	1993	1994	1995	1996	1997	1998	1999	2000	2001
Public Local Meters:									
Arkansas	44,171	45,651	47,501	49,410	51,152	47,417	47,417	46,411	47,417
Kansas	40,671	41,442	42,197	42,988	43,764	44,681	50,634	51,906	51,211
Missouri	98,204	94,076	89,870	85,713	84,040	81,983	81,175	84,006	85,271
Oklahoma	76,152	78,265	81,046	81,977	86,190	89,127	89,111	87,006	86,638
Texas	172,070	160,909	149,561	121,946	295,148	280,545	272,164	269,442	272,137
Total Public Local	631,141	619,598	609,474	583,213	560,468	545,916	516,617	518,010	542,401
Semi-Public Local Meters:									
Arkansas	7,509	7,487	7,562	7,585	7,585	7,414	7,286	7,141	6,879
Kansas	5,002	4,930	4,609	4,292	4,122	4,040	3,960	3,881	3,728
Missouri	11,844	10,991	11,214	11,430	11,554	11,554	11,554	11,554	11,554
Oklahoma	5,331	4,862	4,622	4,191	4,263	4,136	4,013	3,901	3,865
Texas	40,891	41,988	41,707	42,250	42,462	42,462	42,462	42,462	42,462
Total Semi-Public Local	71,778	69,780	69,714	69,961	69,966	69,626	69,273	68,931	68,597
Total Local Meters:									
Arkansas	51,641	51,144	55,063	56,983	58,017	56,784	54,610	54,310	54,172
Kansas	45,614	45,620	46,851	46,489	47,110	47,803	48,612	51,113	55,316
Missouri	110,548	105,970	101,084	97,152	95,595	94,717	94,729	95,981	96,425
Oklahoma	81,483	81,147	83,220	88,171	91,201	91,262	91,145	91,156	91,156
Texas	412,891	401,997	391,768	364,196	377,610	371,007	314,626	313,619	312,617
Total Local Meters	702,219	688,918	679,187	651,193	630,454	615,362	605,952	610,364	610,964
Volume Information - Local MOUs:									
	1993	1994	1995	1996	1997	1998	1999	2000	2001
Public Local MOUs:									
Arkansas	134,199	118,707	144,313	150,017	156,108	149,826	141,849	149,612	140,298
Kansas	121,558	125,501	128,194	130,597	132,935	135,620	135,025	137,631	136,654
Missouri	299,861	285,804	271,025	260,195	255,314	252,710	252,685	255,212	256,051
Oklahoma	231,350	231,810	246,375	253,123	264,124	270,767	271,303	263,329	268,615
Texas	1,110,136	1,096,442	1,061,967	978,871	896,518	852,396	876,834	818,565	826,751
Total Public Local	1,917,104	1,882,340	1,851,581	1,771,861	1,702,702	1,658,554	1,610,425	1,641,514	1,641,821
Semi-Public Local MOUs:									
Arkansas	23,390	25,313	23,567	25,644	25,644	25,144	24,644	24,143	24,644
Kansas	18,939	16,715	15,584	14,512	13,917	13,660	13,180	13,322	12,861
Missouri	40,046	37,168	37,916	38,678	39,065	39,065	39,065	39,065	39,065
Oklahoma	16,573	16,417	15,626	14,954	14,412	14,081	14,568	14,163	14,163
Texas	118,234	110,910	101,010	102,840	101,564	101,564	101,564	101,564	101,564
Total Semi-Public Local	240,632	234,572	231,702	236,537	236,623	235,306	234,218	231,057	231,924
Total Local MOUs:									
Arkansas	151,548	164,020	169,860	175,721	181,652	171,960	168,421	161,715	161,640
Kansas	140,496	140,292	141,485	142,706	144,514	146,915	149,012	150,911	150,551
Missouri	339,909	322,973	310,940	299,073	296,380	291,776	291,750	294,237	298,118
Oklahoma	249,313	234,267	262,001	269,917	276,536	280,750	280,493	276,100	281,006
Texas	1,268,380	1,225,360	1,202,977	1,120,920	1,040,222	991,860	970,398	962,129	970,315
Total Local MOUs	2,157,755	2,116,912	2,087,283	2,008,397	1,939,324	1,891,960	1,864,633	1,867,591	1,879,744
Average minutes per message									
Public	3.04	Semi-Public	3.38						

Project Quintet
Market Information

(Amounts in '000's except where noted)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Volume Information											
Total # of MFC's Sent Paid:											
Arkansas	5,916	6,104	6,120	6,542	6,730	6,699	6,638	6,595	6,664	6,703	6,754
Kansas	2,952	3,016	3,125	3,201	3,229	3,154	3,111	3,098	3,102	3,148	3,196
Missouri	8,493	8,112	8,181	8,030	7,813	7,791	7,701	7,870	7,989	8,129	8,272
Oklahoma	6,709	6,895	7,021	7,357	7,598	7,789	7,807	7,825	7,805	7,922	8,044
Texas	18,552	18,177	17,736	17,221	16,779	16,175	16,345	16,424	16,588	16,922	17,262
Total Internet:	42,612	42,511	42,487	42,400	42,100	42,115	42,008	42,412	42,824	43,616	43,422
Total # of MFC's Non-Sent Paid:											
Arkansas	28,567	29,479	30,520	31,591	32,692	32,755	32,618	32,818	32,946	32,881	33,472
Kansas	32,702	33,627	34,621	35,458	36,124	37,199	38,019	40,966	41,893	42,629	43,378
Missouri	40,761	39,028	39,214	38,482	37,714	37,116	37,111	37,716	38,284	38,956	39,641
Oklahoma	49,300	50,714	52,412	53,135	55,908	57,314	57,446	57,579	57,428	58,292	59,169
Texas	105,058	102,915	100,417	97,804	95,023	91,080	92,559	91,948	91,916	91,876	97,751
Total Internet:	256,132	256,701	257,205	257,470	257,676	257,512	257,405	261,118	263,709	268,517	271,414
Total # of MFC's Non-Sent Free:											
Arkansas	72,470	71,116	76,667	78,967	81,721	81,211	80,198	80,801	80,801	81,179	81,681
Kansas	75,071	77,797	79,706	81,632	82,866	83,969	85,212	91,250	92,854	94,466	96,146
Missouri	104,114	101,651	103,112	97,368	91,647	88,056	86,104	87,167	89,155	91,185	91,164
Oklahoma	117,154	121,810	129,185	130,818	131,771	136,462	136,101	135,347	135,199	137,174	139,496
Texas	256,012	246,216	254,320	257,251	240,767	227,641	217,507	213,171	213,041	217,115	221,381
Total Internet:	625,121	617,917	641,289	616,511	610,689	617,700	605,730	607,119	609,431	623,509	638,671
Total # of MFC's Total Traffic:											
1993	3,084,857	3,054,974	3,030,163	3,044,804	3,069,989	3,040,977	2,765,626	2,778,469	2,795,720	2,837,329	2,920,608
1994											
1995											
1996											
1997											
1998											
1999											
2000											
2001											
2002											
2003											
Total Private Messages:											
Arkansas	0	0	0	0	0	0	0	0	0	0	0
Kansas	3,099	3,215	3,407	3,527	3,756	3,944	4,111	4,318	4,565	4,791	5,034
Missouri	20,426	21,387	22,519	25,897	28,487	30,621	32,920	34,566	36,295	38,169	40,015
Oklahoma	0	0	0	0	0	0	0	0	0	0	0
Texas	206,347	221,877	212,971	214,619	216,840	217,308	218,012	218,714	219,182	219,581	217,110
Total Private Messages:	229,913	216,568	254,897	274,194	289,091	311,103	311,966	311,103	311,659	315,104	317,458

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(Amounts in US \$ 000's except where noted)

Project Quantic

Project Quintet
Operating Expenses - Salaries and Wages

(Amounts in US \$ 000's except where noted)

Total Operations	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Calculation of Force Count:											
Management	119	116	114	112	110	109	109	108	105	104	104
Non-management	666	657	646	635	624	610	599	586	572	557	540
Total	785	773	760	747	734	719	708	694	677	661	644
Calculation of Force Composition:											
Management	15.16%	15.01%	15.00%	14.99%	14.99%	15.16%	15.40%	15.56%	15.51%	15.71%	16.1%
Non-management	84.84%	84.99%	85.00%	85.01%	85.01%	84.84%	84.60%	84.44%	84.49%	84.27%	83.85%
Stations per Employee	245	243	242	240	239	240	240	244	250	258	266
Annual Salary and Wage Level:											
Management	48.1	53.2	54.8	56.6	58.3	60.1	62.1	64.2	66.5	68.8	71.2
Non-management	40.2	42.5	43.8	45.2	46.6	48.1	49.7	51.5	53.2	55.0	56.9
Salary Growth at Inflation	7.65%	2.99%	3.09%	2.97%	3.09%	3.27%	3.29%	3.38%	3.29%	3.33%	
Salaries and Wages:											
Total Management Salaries	5,728	6,169	6,252	6,340	6,413	6,553	6,772	6,937	6,987	7,151	7,401
Total Non-management Salaries	26,784	27,916	28,282	28,673	29,059	29,325	29,799	30,152	30,428	30,658	30,729
Total Salaries and Wages	32,512	34,085	34,534	35,012	35,472	35,880	36,571	37,089	37,414	37,809	38,130
Pension Accrual	2,065	2,168	2,197	2,228	2,257	2,284	2,330	2,364	2,385	2,412	2,436
Funded Pension Amount	0	0	0	0	0	0	0	0	0	0	0
% of Salaries and Wages	6.35%	6.36%	6.36%	6.36%	6.36%	6.37%	6.37%	6.37%	6.38%	6.38%	6.39%
Benefits Expense (a)	3,836	4,173	4,514	4,858	5,203	5,530	5,881	6,197	6,468	6,726	6,916
Benefit Expenditure per Employee	4,886	5,399	5,939	6,503	7,088	7,691	8,306	8,929	9,554	10,175	10,786
% Change per Employee	10.50%	10.00%	9.50%	9.00%	8.50%	8.00%	7.50%	7.00%	6.50%	6.00%	6.00%
Total Compensation Expense	38,413	40,427	41,245	42,098	42,931	43,694	44,781	45,650	46,267	46,947	47,512

Notes:

(a) Benefit expenditure per employee taken from actuarial table of expected expenses

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Project Quintet
Operating Expenses - Operating Taxes & Employee Related Expenses

(Amounts in US \$'000's except where noted)

Total Operations	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
<u>Operating Taxes:</u>											
Property Taxes	651	649	642	635	628	622	616	612	608	606	605
Beginning Plant & Equipment	191,526	190,819	188,861	186,641	184,644	182,850	181,272	179,949	178,953	178,262	177,913
Property Tax Rate	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%	0.34%
Gross Receipts Taxes	9,549	8,139	8,189	8,236	8,285	8,532	8,591	8,789	8,956	9,221	9,495
Gross Revenues	228,704	192,125	193,798	195,488	197,240	204,653	205,698	210,740	214,284	220,315	226,541
Gross Receipts Tax Rate	4.18%	4.24%	4.23%	4.21%	4.20%	4.17%	4.18%	4.17%	4.18%	4.19%	4.19%
Other Taxes	0	0	0	0	0	0	0	0	0	0	0
Total Operating Taxes	10,200	8,787	8,831	8,870	8,913	9,154	9,207	9,401	9,565	9,827	10,100
<u>Other Operating Expenses:</u>											
Employee Based											
Materials and Supplies	9,256	8,031	8,141	8,258	8,374	8,465	8,611	8,719	8,795	8,879	8,953
Contract Services	3,976	4,037	4,092	4,151	4,209	4,255	4,328	4,382	4,420	4,463	4,500
Conference & Travel	562	571	579	587	595	602	612	620	625	631	636
Relocation	110	111	113	114	116	117	119	121	122	123	124
Training & Tuition	76	77	78	79	80	81	82	83	84	85	86
Employee Related Other	3,566	3,620	3,669	3,722	3,774	3,816	3,881	3,930	3,964	4,002	4,035
Total Employee Based	17,545	16,447	16,672	16,911	17,148	17,335	17,634	17,855	18,010	18,182	18,335
Employee Based Rates											
Materials and Supplies (per employee)	11.8	10.4	10.7	11.1	11.4	11.8	12.2	12.6	13.0	13.4	13.9
Contract Services (per employee)	5.1	5.2	5.4	5.6	5.7	5.9	6.1	6.3	6.5	6.8	7.0
Conference & Travel (per employee)	0.7	0.7	0.8	0.8	0.8	0.8	0.9	0.9	0.9	1.0	1.0
Relocation (per employee)	0.1	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Training & Tuition (per employee)	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Employee Related Other (per employee)	4.5	4.7	4.8	5.0	5.1	5.3	5.5	5.7	5.9	6.1	6.3
<i>Growth at Inflation</i>	<i>3.10%</i>	<i>3.10%</i>	<i>3.10%</i>	<i>3.20%</i>	<i>3.20%</i>	<i>3.20%</i>	<i>3.30%</i>	<i>3.30%</i>	<i>3.40%</i>	<i>3.40%</i>	<i>3.50%</i>

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Project Quintet
(Operating Expenses - Other Operating Expense
(Amounts in US \$'000's except where noted)

	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Operation											
Other Operating Expenses (cont'd):											
Coin Commissions	25,028	28,857	29,961	31,669	32,840	34,075	34,249	35,088	35,678	36,682	37,719
Coin Commissions per Access Line (actual)	149.1	176.1	187.5	203.3	216.4	230.4	234.6	241.0	245.1	249.8	254.7
Commissions % of Public Net Revenue	10.94%	15.02%	15.46%	16.20%	16.63%	16.65%	16.65%	16.65%	16.65%	16.65%	16.65%
Total Access Lines (Excluding SEMI - AUS)	167,896	161,860	159,824	155,788	151,752	148,552	145,960	145,618	145,591	146,812	148,084
% Growth in Access Lines	-2.40%	-2.46%	-2.53%	-2.59%	-2.59%	-2.61%	-2.62%	-2.62%	-2.62%	-2.65%	-2.65%
Right-to-Use-Fees (RTU's)	1.7	1.7	1.7	1.8	1.8	1.8	1.8	1.8	1.8	1.9	1.9
% Change in RTU's	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Advertising	3.2	3.2	3.3	3.4	3.5	3.6	3.7	3.9	4.0	4.1	4.3
% Change in Advertising	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Postage / Customer Billing	2.3	2.3	2.4	2.4	2.5	2.6	2.7	2.8	2.9	3.0	3.1
% Change in Postage / Billing	0.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%	1.00%
Non-Employee Other	9,895	10,946	20,006	2,071	2,137	2,205	2,278	2,353	2,419	2,516	2,604
% Change in Non-Employee Other	-80.33%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%	3.10%
Access Line Charge	44,600	43,310	42,005	40,700	41,532	41,226	40,159	39,697	39,318	39,197	39,197
Charge per Access Line	22.14	22.03	21.90	21.77	23.36	23.13	22.93	22.72	22.50	22.28	22.06
% Change in Access Line Fee	2.94%	3.11%	3.21%	4.31%	5.17%	5.17%	5.66%	5.66%	6.06%	6.15%	6.15%
Usage Charge - Local	29,575	28,738	28,085	18,897	22,511	9,314	9,170	9,292	9,199	9,369	9,376
Charge per MOU	0.01371	0.01189	0.01177	0.0119	0.01005	0.00825	0.00824	0.00828	0.00821	0.00815	0.00811
% Change in Charge	-2.91%	-2.33%	-48.62%	-48.62%	-48.62%	-48.62%	-48.62%	-48.62%	-48.62%	-48.62%	-48.62%
Usage Charge - Internat'l	0	0	0	0	0	0	0	0	0	0	0
Charge per MOU	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
% Change in Charge	N/A										
Usage Charge - Internat'l	0	0	0	0	0	0	0	0	0	0	0
Charge per MOU	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000	0.00000
% Change in Charge	N/A										
Motor Vehicle Expense	1,925	1,961	1,995	2,029	2,063	2,090	2,130	2,160	2,179	2,201	2,218
% of Fleet Replacement Cost	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%	18.00%
Total Other Operating Expenses	128,573	121,263	120,729	112,281	119,236	105,251	105,623	105,458	105,922	106,114	109,455

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Project Quintet Capital Expenditures											
	(Amounts in US \$ 000's except where noted)										
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Total Operations											
Stations	6,392	5,465	5,039	4,926	4,812	4,721	4,646	4,635	4,632	4,664	4,697
% Growth with Access Lines		-14.50%	-7.80%	-2.24%	-2.31%	-1.90%	-1.57%	-0.24%	-0.06%	0.69%	0.69%
Tools	1,131	1,166	1,202	1,240	1,280	1,321	1,364	1,409	1,457	1,507	1,560
% Growth Rate		3.10%	3.10%	3.20%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%
OCS	177	181	184	188	192	196	200	204	208	212	216
% Growth Rate		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Central Office Equipment	30	31	31	32	32	33	34	34	35	36	37
% Growth Rate		2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%	2.00%
Office Equipment	134	139	143	147	152	157	162	168	173	179	185
% Growth Rate		3.10%	3.10%	3.20%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%
Personal Computers	290	299	308	318	328	338	349	361	373	386	400
% Growth Rate		3.10%	3.10%	3.20%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%
Outside Plant	724	747	770	794	820	846	874	903	931	965	999
% Growth Rate		3.10%	3.10%	3.20%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%
Vehicles	1,782	1,816	1,847	1,879	1,910	1,936	1,972	2,000	2,018	2,038	2,054
Number of Vehicles	600	591	581	570	560	549	540	529	516	503	490
New Vehicle Adds	100	98	97	95	93	91	90	88	86	84	82
Average Cost per Vehicle	17,821	18,444	19,090	19,758	20,450	21,165	21,906	22,673	23,466	24,288	25,138
% Growth in Vehicles Exp		-1.55%	-1.71%	-1.74%	-1.77%	-2.09%	-1.55%	-2.02%	-2.51%	-2.42%	-2.64%
Total Capital Expenditure	10,660	9,841	9,524	9,524	9,526	9,547	9,602	9,714	9,831	9,987	10,147
% Growth Rate		-7.68%	-3.23%	0.00%	0.02%	0.22%	0.58%	1.17%	1.20%	1.59%	1.59%

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Project Quintet
Book Property, Plant, and Equipment / Depreciation Calculation

(Amounts in US \$ 000's except where noted)

Total Operations	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003
Gross PP&E:											
Gross PP&E Beginning of the Year	191,526	190,819	188,861	186,641	184,644	182,850	181,272	179,949	178,953	178,262	177,913
Annual Capital Expenditures	10,660	9,841	9,524	9,524	9,526	9,547	9,602	9,714	9,831	9,987	10,147
% Growth	-8.31%	-3.34%	0.00%	0.02%	0.22%	0.57%	1.15%	1.19%	1.57%	1.57%	1.57%
Reused Materials (Salvage)	7,786	7,283	7,143	7,143	7,144	7,160	7,202	7,286	7,173	7,191	7,610
Reused Materials as % of Capital Expense	73.04%	74.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%	75.00%
Retirements	(19,153)	(19,082)	(18,886)	(18,664)	(18,464)	(18,285)	(18,127)	(17,995)	(17,895)	(17,826)	(17,791)
Retirements as a % of Gross PP&E	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Gross PP&E End of the Year	190,819	188,861	186,641	184,644	182,850	181,272	179,949	178,953	178,262	177,913	177,879
Average Plant in Service	190,819	189,840	187,751	185,642	183,747	182,061	180,610	179,451	178,608	178,088	177,896
Depreciation											
Depreciation Expense Calculation:											
Book Depreciation Rate	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%	5.00%
Change in Depreciation Rate (Growth %)	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Depreciation Expense (a)	9,541	9,492	9,388	9,282	9,187	9,103	9,031	8,973	8,930	8,904	8,895
Depreciation Reserve Calculation:											
Beginning Depreciation Reserve	135,122	133,296	130,989	128,633	126,394	124,261	122,239	120,344	118,607	117,015	115,584
Depreciation Expense	9,541	9,492	9,388	9,282	9,187	9,103	9,031	8,973	8,930	8,904	8,895
Reused Materials (Salvage)	7,786	7,283	7,143	7,143	7,144	7,160	7,202	7,286	7,373	7,491	7,610
Retirements	(19,153)	(19,082)	(18,886)	(18,664)	(18,464)	(18,285)	(18,127)	(17,995)	(17,895)	(17,826)	(17,791)
Ending Depreciation Reserve	133,296	130,989	128,633	126,394	124,261	122,239	120,344	118,607	117,015	115,584	114,298
Average Depreciation Reserve	132,142	129,811	127,513	125,327	123,250	121,292	119,476	117,811	116,300	114,941	,
Net Property, Plant, and Equipment (b)	57,873	58,009	58,250	58,589	59,033	59,604	60,346	61,246	62,329	63,581	

Notes:

- (a) Weighted Depreciation Rate times Average Plant in Service
- (b) Gross End of Year Plant less Ending Depreciation Reserve.

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